

Public Service Commission of Wisconsin  
RECEIVED: 02/05/15, 3:28:55 PM

Ex.-WEC-Lauber-6

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the joint application of  
**WISCONSIN ENERGY CORPORATION** and  
**INTEGRYS ENERGY GROUP, INC.,**

Case No. U-17682

for approval, pursuant to  
MCL 460.6q, for the transfer or control of  
**WISCONSIN PUBLIC SERVICE CORPORATION** and  
**MICHIGAN GAS UTILITIES CORPORATION**; and the  
joint request of **WISCONSIN PUBLIC SERVICE  
CORPORATION, MICHIGAN GAS UTILITIES CORPORATION**  
and **WISCONSIN ELECTRIC POWER COMPANY** for waivers  
from, or declarations regarding the applicability  
of, the code of conduct and affiliate transaction  
guidelines and related approvals.

---

**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), settlement discussions were conducted by Wisconsin Energy Corporation (“WEC”), Integrys Energy Group, Inc. (“Integrys”), Wisconsin Public Service Corporation (“WPS Corp”), Wisconsin Electric Power Company (“Wisconsin Electric”) and Michigan Gas Utilities Corporation (“MGUC”) (collectively, “Joint Applicants”), the MPSC Staff (“Staff”), Attorney General Bill Schuette (“AG”), Citizens Against Rate Excess (“CARE”), Tilden Mining Company, L.C. and Empire Iron Mining Partnership (collectively, the “Mines”), Verso Paper Corporation (“Verso”), Fibrek and Cloverland Electric Cooperative (“Cloverland”) and as a result the signatories to this Settlement Agreement agree as follows:

1. On August 6, 2014, Joint Applicants filed an application with the Commission pursuant to Section 6q of 2008 PA 286; MCL 460.6q requesting, among other things, all required approvals in connection with the transfer of control of WPS Corp and MGUC from Integrys to WEC, pursuant to an Agreement and Plan of Merger, as fully described in the Joint Application (“Proposed Transaction”), pursuant to which WEC will acquire the outstanding shares of Integrys.

2. Pursuant to due notice, a prehearing conference was held August 29, 2014, before Administrative Law Judge (“ALJ”) Sharon L. Feldman. At the prehearing conference, the AG’s Notice of Intervention was granted. The ALJ also granted Petitions for Leave to Intervene filed by CARE, the Mines, Verso, Fibrek, and Cloverland. The Staff also participated in the proceedings.

3. On October 30, 2014, the ALJ granted the AG’s motion to modify the schedule in order to pursue settlement discussions.

4. Settlement discussions have taken place between the parties and by this Settlement Agreement, the signatories to this Settlement Agreement agree that the Proposed Transaction satisfies the requirements under MCL 460.6q(7) and that the relief requested in the Joint Application, including the requested waivers associated with the Code of Conduct and the Affiliate Transaction Guidelines of Case No. U-13470, should be granted, conditioned on the following:

- (i) The closing of the sale of Wisconsin Electric’s (i) Presque Isle Power Plant (“PIPP”); and (ii) Wisconsin Electric’s Michigan electric distribution assets, customers and business (collectively,

“Wisconsin Electric’s Michigan Electric Business”) to Upper Peninsula Power Company (“UPPCo”) contemporaneously with the closing of the Proposed Transaction, whereby UPPCo maintains existing Wisconsin Electric Michigan Electric Business base tariff rates at the closing of the sale for customers within Wisconsin Electric’s Michigan Electric Business service territory until UPPCo completes a cost of service study and, without waiving the right to self-implement rates pursuant to MCL 460.6a(1), receives approval of the new base tariff rates pursuant to a Commission order. This condition would not preclude UPPCo from filing a request for deferred accounting approval; and

- (ii) The closing of the sale of WPS Corp’s Michigan electric distribution assets, customers, and business to UPPCo contemporaneously with the closing of the Proposed Transaction, where, except with respect to rates subsequently approved in WPS Corp’s pending base rate case, UPPCo maintains existing WPS Corp Michigan base tariff rates at the closing of the sale for customers within WPS Corp’s Michigan electric service territory until UPPCo completes a cost of service study and, without waiving the right to self-implement rates pursuant to MCL 460.6a(1), receives approval for new base tariff rates through a Commission order. This condition would not preclude UPPCo from filing a request for deferred accounting approval; and

- (iii) Termination of the PIPP System Support Resource (“SSR”) Agreement between the Midcontinent Independent System Operator, Inc. (“MISO”) and Wisconsin Electric no later than the closing date of the Proposed Transaction; provided however, that such termination will not prejudice the positions taken by any of the parties in any proceedings regarding the SSR agreements, or the amounts of or allocation of SSR expenses and credits for operations conducted and service provided prior to the closing date of the sale of Wisconsin Electric’s Michigan Electric Business

5. The signatories agree that this Settlement Agreement is reasonable, prudent and will aid in the expeditious conclusion of this case.

6. If the Commission approves this Settlement Agreement without modification, none of the signatories to this settlement will challenge the Commission’s Order in Case No. U-17682 approving the settlement in any way, including but not limited to challenging the lawfulness of the Commission’s approval being subject to the conditions set forth in this Settlement Agreement or the adequacy of the record to support the Commission’s Order.

7. Without waiving or absolving existing rights and obligations, this Settlement Agreement does not prohibit or limit the signatories from taking any position in any state or federal administrative, regulatory, or judicial proceedings related to the sale of Wisconsin Electric’s Michigan Electric Business or WPS Corp’s Michigan electric distribution assets, customers, and business to UPPCo.

8. This Settlement Agreement has been made for the sole express purpose of reaching compromise among the positions of the signatories. All offers of

settlement and discussions relating to this Settlement Agreement shall be considered privileged as provided in MRE 408. If the Commission approves this Settlement Agreement without modification, neither the signatories to this Settlement Agreement nor the Commission shall use it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other cases or proceeding; provided, however, such reference or use may be made to enforce the Settlement Agreement and Order.

9. Provided that all parties to this case are signatories to this Settlement Agreement or file statements of non-objection or fail to object within the time frame set forth in Rule 333 of the Rules of Practice and Procedure Before the Commission, then it is agreed that Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, is waived as it applies to this proceeding, if the Commission approves this Settlement Agreement without modification.


10. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of the Settlement Agreement. Failure to comply with any provision of the Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, the Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose. If the conditions set forth above in sub-paragraphs 4(i), (ii), and (iii) are not

satisfied, this Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

Respectfully submitted,

WISCONSIN ENERGY CORPORATION,  
INTEGRYS ENERGY GROUP, INC., WISCONSIN  
ELECTRIC POWER COMPANY, WISCONSIN  
PUBLIC SERVICE CORPORATION and  
MICHIGAN GAS UTILITY CORPORATION

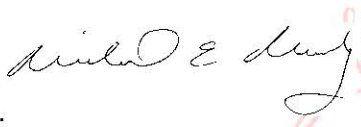
Dated: January 30, 2015

By: **Michael C. Rampe**  
  
One of Its Attorneys  
Ronald W. Bloomberg (P30011)  
Sherri A. Wellman (P38989)  
Michael C. Rampe (P58189)  
Miller, Canfield, Paddock and Stone, PLC  
One Michigan Ave., Ste. 900  
Lansing, MI 48933

Digitally signed by: Michael C. Rampe  
DN: CN = Michael C. Rampe  
C = US, O = Miller Canfield  
Date: 2015.01.30 11:44:07 -0400


ATTORNEY GENERAL BILL SCHUETTE

Dated: January 30, 2015

By:  **Michael Moody**  
2015.01.30 15:16:32 -05'00'  
One of His Attorneys  
Michael Moody (P51985)  
525 W. Ottawa St. 6th Floor  
G. Mennen Williams Bldg.  
Lansing, MI 48909

MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF

Dated: January 30, 2015


By: **Bryan A.  
Brandenburg**  Digitally signed by Bryan A. Brandenburg  
DN: cn=Bryan A. Brandenburg, o=Attorney  
General Public Service Division,  
email=brandenburgb@michigan.gov, c=US  
Date: 2015.01.30 13:55:28 -05'00'

---

One of Its Attorneys  
Spencer A. Sattler (P70524)  
Bryan A. Brandenburg (P77216)  
Assistant Attorneys General  
Public Service Division  
7109 West Saginaw Highway  
3<sup>rd</sup> Floor  
Lansing, MI 48917

TILDEN MINING COMPANY L.C. and EMPIRE  
IRON MINING PARTNERSHIP

Dated: January 30, 2015


By: **Jennifer  
Utter Heston**  Digitally signed by Jennifer  
Utter Heston  
DN: cn=Jennifer Utter Heston,  
o=Fraser Trebilcock, ou,  
email=jheston@fraserlawfirm.co  
m, c=US  
Date: 2015.01.30 14:02:36 -05'00'

---

Its Attorney  
Jennifer Utter Heston (P65202)  
Fraser Trebilcock Davis & Dunlap, PC  
124 W. Allegan, Ste. 1000  
Lansing, MI 48933

FIBREK

Dated: January 30, 2015

By: **Shaun  
M.  
Johnson**  Digitally signed by: Shaun M.  
Johnson  
DN: CN = Shaun M. Johnson C =  
AD O = Dykema Gossett PLLC  
Date: 2015.01.30 14:42:31 -05'00'

---

One of Its Attorneys  
Shaun M. Johnson (P69036)  
Richard J. Aaron (P35605)  
Theodore J. Greeley (P77862)  
Dykema Gossett PLLC  
Capitol View, 201 Townsend, Ste. 900  
Lansing, MI 48933



VERSO PAPER CORPORATION


Dated: January 30, 2015

By: **Timothy J. Lundgren**  
One of Its Attorneys  
Timothy J. Lundgren (P62807)  
Laura A. Chappelle (P42052)  
Varnum Law  
201 N. Washington Sq., Ste. 910  
Lansing, MI 48933

Digitally signed by Timothy J. Lundgren  
DN: cn=Timothy J. Lundgren, o, ou,  
email=tjlundgren@varnumlaw.com,  
c=US  
Date: 2015.01.30 14:29:23 -05'00'

CITIZENS AGAINST RATE EXCESS

Dated: January 30, 2015

By:   
John R. Liskey (P31580)  
921 N. Washington Ave.  
Lansing, MI 48906

Digitally signed by John R Liskey  
Date: 2015.01.30  
14:17:41 -05'00'

CLOVERLAND ELECTRIC COOPERATIVE

Dated: January 30, 2015

By: \_\_\_\_\_  
One of Its Attorneys  
Shaun M. Johnson (P69036)  
Richard J. Aaron (P35605)  
Theodore J. Greeley (P77862)  
Dykema Gossett PLLC  
Capitol View, 201 Townsend, Ste. 900  
Lansing, MI 48933